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CENTRAL INTELLIGENCE AGENCY

REPORT NO.

INFORMATION REPORT

CD NO.

COUNTRY China (Taiwan)

CONFIDENT

DATE DISTR. 14 Aug. 1951

SUBJECT Ultimatum of Generalissimo to Kuomintang Leaders
Regarding U.S. Request for Aid Control

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1. After a cabinet meeting on 27 July the Generalissimo, as governor of the Party, presided over a secret meeting of KMT political leaders of cabinet rank. He was the only speaker. He stated that the Chinese Nationalists could not expect aid from the U.S. and that if anyone present still wanted to receive American aid, he was not suited to be a follower of CHIANG Kai-shek. The Generalissimo concluded with the statement that the Nationalists would continue the struggle with whatever means were available. He ended the meeting by throwing a glass of water to the table, thus indicating great anger and bitterness.
2. At a cabinet meeting on 2 August members suggested that expenses be cut 25 percent from August.1
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1. [REDACTED] Comment. This action was taken to please the Generalissimo. Actually it is not possible to make ends meet. Over-all expenditures now are NT 40,000,000 per month more than the income, with the expectation of an increase in the future. Of expenditures, 91 percent is for the military, 6 percent for administration, and 3 percent for other expenses. The Political Bureau's expenditures have greatly increased and are now sufficient to maintain five army divisions.

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